

**INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
LOCAL UNION 648 PENSION PLAN
2012 NOTICE OF CRITICAL STATUS
*June 2012***

This Notice is to inform you that on May 29, 2012 the Plan's actuary certified to the U.S. Department of the Treasury, and also to the Plan Sponsor, that the International Brotherhood of Electrical Workers Local Union 648 Pension Plan ("Plan") is in Critical Status for the 2012 Plan Year, which began on March 1, 2012 and ends on February 28, 2013. Federal law requires that you receive this Notice.

Critical Status

The International Brotherhood of Electrical Workers Local Union 648 Pension Plan is considered to be in Critical Status for the 2012 Plan Year. The 2009 Plan Year was the first year that the Plan was certified to be in Critical Status. This was because as of the Plan's 2009 PPA certification date the Plan's actuary determined that the Plan's funded percentage was less than 65% and the Plan was projected to have an accumulated funding deficiency for the 2011 Plan Year. A funding deficiency means that expected contributions to the Plan will not be sufficient to meet the government's minimum contribution requirements for funding purposes. It does not mean that the Plan is insolvent.

The Plan continues to be in Critical Status for the 2012 Plan Year because the Plan's Actuary has determined that the Plan has not passed the "Emergence Test" which would allow the Plan to come out of Critical Status.

A pension plan's actuary is also required to certify if the plan is making the scheduled progress required under its Rehabilitation Plan in accordance with the Rules and Regulations of the *Pension Protection Act of 2006*. The Plan's actuary has certified that the International Brotherhood of Electrical Workers Local Union 648 Pension Plan is making progress in accordance with its Rehabilitation Plan as of March 1, 2012.

Rehabilitation Plan

Federal law requires that pension plans in Critical Status adopt a Rehabilitation Plan aimed at restoring the financial health of the plan. A Rehabilitation Plan may include: (1) the reduction or even the elimination of future benefit accruals, (2) the reduction or elimination of "adjustable benefits", and/or (3) increases in the hourly contribution rate. Federal law also bans pension plans in Critical Status from paying "restricted benefits".

On June 5, 2009, you were notified that the Plan is no longer allowed to pay any lump sum benefits, including single sum disability and death benefits, or any other payment in excess of the monthly amount paid under a single life annuity, such as a RIB benefit. The Plan is not permitted to pay these benefits because they are considered "restricted benefits" under Federal law.

On July 31, 2009, the Board of Trustees adopted a Rehabilitation Plan, which has been ratified by the Bargaining Parties. The Rehabilitation Plan is expected to improve the funded position of the Plan and calls for required increases in the hourly contribution rate. Under the Rehabilitation Plan, the total hourly contribution rate will be increased by at least \$4.50 per hour by 2015. This means that the hourly contribution rate for a Journeyman will increase from \$4.40 per hour in September 2008 to \$8.90 per hour by September 2015. As of March 1, 2012, the hourly contribution rate for a Journeyman is \$6.90 per hour.

The commitment to contribute additional monies to the Plan may or may not result from increases in the contractual obligations by the Employers. The additional contributions required for each Plan Year may come from any of the following:

- a. Increased Employer Contributions;
- b. Diversion from other Fringe Benefit Contributions; or
- c. Participants' Wages. The parties have agreed that, in the event that the additional contributions required by the Rehabilitation Plan do not come from (a) or (b) above, by default, they will come from the participants' wages.

Adjustable Benefits

If it is ever determined that the Plan's Rehabilitation Plan needs to be amended, federal law permits pension plans in Critical Status to reduce or eliminate "adjustable benefits". The Plan offers the following "adjustable benefits" which could be reduced or eliminated as an amendment to the Rehabilitation Plan:

- Rule of 85 Early Retirement benefit;
- Subsidized Early Retirement benefit;
- Subsidized Qualified Joint & Survivor Annuity (QJSA);
- Subsidized Qualified Pre-Retirement Survivor Annuity (QPSA); or
- Disability Benefits (if not yet in pay status).

If the Board of Trustees of the Plan determines that any benefit reductions are necessary, you will receive a separate Notice in the future identifying the reductions and explaining their effect. Any reduction of "adjustable benefits" will not reduce the level of the basic benefit payable at your normal retirement age, which generally is age 62. In addition, the reductions will only apply to participants and beneficiaries whose benefit commencement date is on or after June 5, 2009.

Employer Surcharge

Federal law requires that all contributing employers pay a surcharge to the plan to help correct the financial situation of a plan in Critical Status. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. With some exceptions, a 5% surcharge is applicable in the initial year that a plan is determined to be in Critical Status and a 10% surcharge is applicable for each succeeding plan year thereafter so long as a plan is in Critical Status.

Because the International Brotherhood of Electrical Workers Local Union 648 Pension Plan has adopted a Rehabilitation Plan and this plan has been ratified by the Bargaining Parties, the employer surcharge is not applicable.

Where to Get More Information

For more information about this Notice, you can contact the I.B.E.W. Local No. 648 Benefit Office at 4300 Millikin Road, Hamilton, Ohio 45011, or by calling 513-863-7964. For identification purposes, the official Plan Number is 001 and the Plan Sponsor's Employer Identification Number, or "EIN", is 31-6134845. You can request a copy of the Plan's Rehabilitation Plan and the actuarial and financial data that demonstrate any action taken by the Plan toward fiscal improvement by contacting the Plan Administrator.